



MINUTES

**Government Affairs/Audit/Legal Matters Committee
Alii Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(entrance on Richards Street)
Thursday, December 17, 2015 8:30 am**

PRESENT:

Terrence Lee
Colleen Hanabusa
Ivan Lui-Kwan

Donald G. Horner
Michael Formby

**ALSO IN ATTENDANCE:
(Sign-In Sheet and Staff)**

Daniel Grabauskas
Diane Arakaki
Bruce Sakihama
Robin Freitas
Valerie Sadural

Lisa Hirahara
Joyce Oliveira
Cindy Matsushita
Andrea Tantoco
Talita Sulunga
Randall Ishikawa

EXCUSED:

I. Call to Order by Chair

Government Affairs/Audit/Legal Matters Committee Chair Terrence Lee called the meeting to order at 8:34 a.m.

II. Public Testimony on All Agenda Items

Mr. Lee called for public testimony. There was none.

III. Approval of Minutes of the October 15, 2015 Government Affairs/Audit/Legal Matters Committee Meeting

Mr. Lee called for the approval of the minutes of the October 15, 2015 Government Affairs/Audit/Legal Matters Committee. Committee member Donald G. Horner made a motion for approval, and Committee member Ivan Lui-Kwan seconded the motion. All being in favor, the minutes were unanimously approved.

IV. Independent Financial Audit Update

HART Fiscal Officer Bruce Sakihama introduced KMH LLP Audit Manager, Robin Freitas as the person to give the Independent Financial Audit Update. Mr. Freitas reported that due to two new accounting standards, there had been a delay in producing the complete audit report. The final Financial Statements would be ready for presentation by the next Board meeting in January 2016.

Chair Horner and Ivan Lui-Kwan had Mr. Freitas verify the role the independent audit company has in the reporting of their findings for the public, and how the auditors receive their information. Mr. Freitas also explained about Accounting Pronouncements, and verified that HART management had been very cooperative. He explained that the delay was not caused by HART, but due to the new accounting standards that had to be implemented.

At Mr. Lui-Kwan's request, Mr. Freitas explained the relationship of the Board, the auditors, and management. Mr. Freitas advised that the KMH LLP was engaged by the Audit Committee of the HART Board. KMH first identified the risks for HART, then requested information of HART management, which included financial statements. KMH would then review the financial statements, issue its opinion, followed by a report directly to the Board.

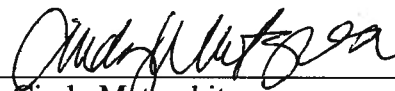
V. Executive Session

There was no need for executive session.

VI. Adjournment

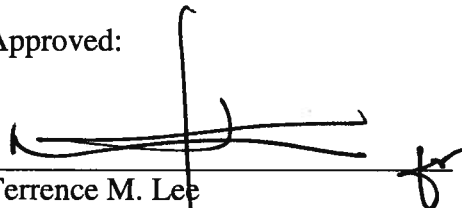
There being no further business before the Committee, Mr. Lee adjourned the meeting at 8:43 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Terrence M. Lee
Chair, Government Affairs/Audit/Legal
Matters Committee

JAN 28 2016

Date